SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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FORM 10-Q

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended January 31, 1992

OR

T 922243

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number 0-6662

BEST COPY AVAILABLE

UNIVERSAL DYNAMICS, INC.
(Exact name of registrant as specified in its charter)

Virginia	54-0640047
(State or other jurisdiction of Incorporation or organization)	(I.R.S. Employer Identification No.)

13600 Dabney Road, Woodbridge, Virginia 22194
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (703) 491-2191

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days

YES [X] NO [ ]

Indicate the number of shares outstanding of each of the Issuer's classes of Common Stock as of the latest practicable date:

The number of shares outstanding of the Issuer's common stock, on January 31, 1992 was 1,755,837.

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UNIVERSAL DYNAMICS, INC. and SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND SIX MONTHS

ENDED JANUARY 31, 1992 AND 1991

Goldsmith & Platter, PA

Certified Public Accountants

111 Northfield Avenue - Suite 312 West Orange, New Jersey 07052
(201) 669-5700 Fax (201) 669-5875

Marc K. Goldsmith, CPA
Gerald Platter, CPA

To the Board of Directors
Universal Dynamics, Inc. and Subsidiaries
Woodbridge, Virginia

We have reviewed the accompanying consolidated balance sheets of Universal Dynamics, Inc. and Subsidiaries as of January 31, 1992 and July 31, 1991, and the related consolidated statements of income and retained earnings and cash flows for the three months and six months ended January 31, 1992 and 1991, in accordance with standards established by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Universal Dynamics, Inc. and Subsidiaries.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The schedules accompanying the financial statements are presented only for supplemental analysis purposes applied in the reviews of the basic financial statements. We did not become aware of any material modifications that should be made to such data.

Goldsmith & Platter, PA

GOLDSMITH & PLATTER, PA
Certified Public Accountants

West Orange, New Jersey

February 21, 1992

UNIVERSAL DYNAMICS, INC. and SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

	January 31, 1992	July 31, 1991
ASSETS		
CURRENT ASSETS		
Cash	$ 80,388	$ 375,423
Accounts receivable	2,752,635	2,819,880
Notes and mortgages receivable - net (Note 2)	41,180	41,180
Other receivables	44,030	16,950
Inventories (Notes 1b and 3)	2,926,702	2,770,828
Prepaid expenses	148,308	46,185
Total current assets	5,993,243	6,070,446
PROPERTY, PLANT AND EQUIPMENT (Notes 1c, 4, 5 and 6)	2,084,353	1,460,781
OTHER ASSETS		
Miscellaneous	12,276	6,740
	12,276	6,740
Total assets	$8,089,872	$7,537,967

UNIVERSAL DYNAMICS, INC. and SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

	January 31, 1992	July 31, 1991
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$1,495,195	$1,214,850
Notes payable (Note 6)	250,000	0
Current portion of long-term debt (Note 5)	280,000	280,000
Customer deposits	759,924	365,056
Dividends payable (Note 13)	93,617	5,713
Mandatory redemption of preferred stock (Note 8)	13,500	13,500
Income and other taxes payable	18,758	101,362
Accrued expenses	24[illegible].560	489,704
Total current liabilities	3,151,454	2,470,185
NON-CURRENT LIABILITIES		
Notes payable (Note 5)	653,333	816,667
Deferred income taxes	105,216	105,216
	758,549	921,883
STOCKHOLDERS' EQUITY		
Cumulative preferred stock $.01 par value redeemable 17,360 per annum at $1.00 plus accrued dividends. 202,600 shares authorized, 13,500 issued and outstanding at January 31, 1992 and July 31, 1991 (Note 8).	0	0
Common stock $.01 par value. 2,532,000 shares authorized, issued 1,755,837 and 1,757,907 at January 31, 1992 and July 31, 1991 respectively (Note 10).	17,559	17,580
Capital in excess of par value	416,925	419,175
Retained earnings - appropriated (Note 7)	150,000	150,000
Retained earnings - unappropriated	3,595,385	3,559,144
	4,179,869	4,145,899
Total liabilities and stockholders' equity	$8,089,872	$7,537,967

UNIVERSAL DYNAMICS, INC. and SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

	Three Months Ended January 31,		Six Months Ended January 31,	
	1992	1991	1992	1991
NET SALES	$3,597,734	$3,499,051	$7,166,119	$6,843,863
COST AND EXPENSES				
Cost sales	2,613,926	2,527,841	5,196,519	4,965,885
Selling, general and administrative expenses	779,015	769,363	1,562,154	1,454,123
Research and development expenses	92,542	71,000	175,480	78,538
Interest expense	22,460	36,093	46,170	92,235
Total cost and expenses	3,507,943	3,403,306	6,980,332	6,590,781
OPERATING INCOME	89,791	95,745	187,787	253,082
OTHER INCOME OR (EXPENSES) - Net	12,816	6,146	12,861	(4,061)
INCOME BEFORE INCOME TAXES	102,607	101,891	200,648	249,021
INCOME TAXES (Note 1)				
Federal	33,104	31,908	63,902	79,587
State	6,580	6,342	12,701	14,441
Total income taxes	39,684	38,250	76,603	94,028
NET INCOME	62,923	63,641	124,045	154,993
RETAINED EARNINGS				
Balance at beginning	3,170,266	3,423,029	3,709,144	3,219,604
Total	3,833,189	3,486,670	3,833,189	3,374,597
Less, dividends	87,804	0	87,804	0
Retained earnings at end	$3,745,385	$3,486,670	$3,745,385	$3,374,597
NET INCOME PER COMMON SHARE (Note 2) (1,755,837 and 1,797,407 shares outstanding at January 31, 1992, and January 31, 1991, respectively)	$0.04	$0.04	$0.07	$0.09

UNIVERSAL DYNAMICS, INC. and SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

	Three Months Ended January 31,		Six Months Ended January 31,	
	1992	1991	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	$ 62,923	$ 63,641	$124,045	$128,403
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	68,425	62,120	132,349	121,617
(Gain) loss on sale of property, plant and equipment	(8,000)	0	(8,000)	0
Change in assets and liabilities:				
Decrease (increase) in accounts receivable	(60,791)	106,230	67,245	653,488
Decrease (increase) in inventory	(165,796)	142,805	(155,874)	119,251
Decrease (increase) in prepaid expenses	(31,581)	52,564	(102,123)	99,184
Decrease (increase) in other current assets	(19,014)	(11,593)	(27,080)	(27,327)
Increase (decrease) in accounts payable and accrued expenses	509,367	(121,761)	343,465	(372,356)
Decrease (increase) in other assets	(8,819)	167	(5,536)	332
Net cash provided by (used in operating activities	346,714	294,173	368,491	722,592
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of property, plant and equipment	8,000	0	8,000	0
Capital expenditures	(249,838)	(91,223)	(755,921)	(125,005)
(Increase) decrease in note and mortgage receivables	0	325	0	625
Net cash provided by (used in) investing activities	(241,838)	(90,898)	(747,921)	(124,380)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net borrowings (payment) under line-of-credit agreement	0	0	250,000	(350,000)
Net borrowing (payment) of long-term debt and mortgages	(70,000)	(73,678)	(163,334)	(147,249)
Payment of dividend	0	0	0	(89,884)
Purchase and retirement of treasury stock	(71)	(100)	(2,271)	(100)
Redemption of preferred stock	0	0	0	(292)
Net cash provided by (used in) financing activities	(70,071)	(73,778)	84,395	(587,525)
NET INCREASE (DECREASE) IN CASH	34,805	129,497	(295,035)	10,687
CASH AT BEGINNING OF PERIOD	45,583	82,537	375,423	201,347
CASH AT END OF PERIOD (OVERDRAFT)	$ 80,388	$212,034	$ 80,388	$212,034
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:				
Cash paid for interest	$ 22,490	$ 35,093	$ 46,170	$ 76,759
Cash paid for income taxes	$ 39,684	$ 38,250	$ 76,603	$ 78,305

See accompanying report and notes to financial statements

UNIVERSAL DYNAMICS, INC. and SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ACCOUNTING POLICIES

(a) Principles of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned. All significant intercompany accounts and transactions have been eliminated.

(b) Inventories

Inventories are generally stated at the lower of cost (principally on the first-in, first-out basis) or market.

(c) Property, plant and equipment

Property is recorded at cost. Depreciation over the estimated useful lives or terms of the leases is determined principally on a straight-line or accelerated method. Renewals and betterments are capitalized; maintenance and repairs are charged to income as incurred. When assets are sold or retired, the general policy is to remove the cost of the asset and the related accumulated depreciation from the accounts. Any resultant gain or loss is credited or charged to earnings.

(d) Research and development costs

Research and development expenditures are charged against earnings the year in which such costs are incurred.

(e) Federal income taxes

The Company and its subsidiaries file a consolidated federal income tax return. Deferred income taxes are provided in amounts sufficient to give effect to timing differences between financial and tax reporting principally related to depreciation and installment sales of property. Tax credits are treated as a reduction of income taxes in the year in which the related assets are placed in service.

(f) Adjustments

The financial statements reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. All such adjustments are of a normal recurring nature.

(g) Net income per share

Net income per share of common stock has been computed by dividing net income, after provision for preferred stock dividends, by the weighted average number of shares of common stock outstanding during each year. The options and warrants are not considered to be common stock equivalents as they would have an antidilutive effect in both years.

NOTE 2 - NOTES AND MORTGAGES RECEIVABLE

On March 25, 1981, the Company sold property located in Scotch Plains, New Jersey for $125,000. The Company took back a mortgage of $100,000 bearing interest at the rate of 12 percent per annum, payable monthly at $1,435 including interest. The payments began April 26, 1981 and end March 25, 1991. No payments have been received during the current year. However, management feels it is protected by a lien on the property sold. The Company has decided to proceed with legal action in collection of the mortgage.

NOTE 3 - INVENTORIES

	January 31, 1992	July 31, 1991
Raw materials	$1,741,576	$1,648,820
Work in progress	973,941	922,070
Finished goods	211,186	199,938
Total inventories	$2,926,702	$2,770,828

NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

	January 31, 1992	July 31, 1991
Automobiles and trucks	$ 156,901	$ 156,901
Furniture and fixtures	741,358	716,748
Machinery and equipment	1,346,735	1,123,618
Building and improvements	1,518,656	1,010,462
Land	271,686	271,686
Total	4,035,336	3,279,415
Less, accumulated depreciation	1,950,983	1,818,634
Total property, plant and equipment	$2,084,353	$1,460,781

NOTE 5 - NOTES PAYABLE DUE AFTER ONE YEAR

	January 31, 1992	July 31, 1991
Signet Bank, payable in monthly installments of $23,334 plus interest at 1/2% over prime for 60 months. The loan is secured by plant and equipment owned by the Virginia Division including purchases of above in the future. Proceeds of the loan were used to retire other long-term debt and office expansions. The Bank requires certain performance ratios, profit levels and equity value that the Company has maintained as of July 31, 1991 and January 31, 1992.	$ 933,333	$1,096,667
Total	933,333	1,096,667
Less, current maturities	280,000	280,000
Total long-term debt	$ 653,333	$ 816,667

NOTE 6 - NOTE PAYABLE DUE WITHIN ONE YEAR

The Company may borrow amounts not to exceed $1,000,000 on a line of credit at prime secured by plant and equipment owned by the Virginia Division. The Company has also secured an $800,000 construction loan line of credit for the construction of a building.

NOTE 7 - CONTINGENCIES AND COMMITMENTS

As of January 1, 1988, the Company had purchased product liability insurance on currently manufactured products. The Company has appropriated $150,000 of retained earnings as a reserve for future claims on previously manufactured products. At the present time, no additional claims have been asserted.

NOTE 8 - MANDATORY REDEMPTION OF PREFERRED STOCK

At January 31, 1992, there were authorized 202,600 shares of cumulative preferred stock, with $0.1 par value, of which 13,500 shares were issued and outstanding. Dividends are cumulative and payable at the rate of $.05 per share per annum until December 31, 1974, and at a rate of $.06 per share per annum for each year thereafter. The preferred stock has a liquidation value of $.06 per share (aggregate liquidation value, $6,004 minimum) in addition to any unpaid dividends. On January 31, 1972, 2,295 of cumulative dividends were in arrears, due to the difficulty of locating stockholders. Commencing February 15, 1972, the preferred stock is redeemable in whole or in part at the option of the Company at a rate of $1.00 per share (aggregate redemption value, $173,600). On or before February 15, 1976, and on or before each succeeding, February 15, the Company must redeem 17,360 share (10 percent of original issuance). The preferred stock should have been redeemed by February 15, 1985 and therefore, the redemption has been classified as a current liability.

NOTE 9 - ESTIMATED WARRANT COST

The Company providec a warranty of one year on parts and labor for manufacturing and material defects on all units sold. The liability for estimated warranty costs is immaterial. It is the Company's policy to charge warranty expense to income as incurred.

NOTE 10 - PENSION PLANS

The Company maintains a discretionary Profit-Sharing Plan and a 401(K) Plan for which the Company matches 25% of employee contributions. All employees are eligible except for certain age and years of service restrictions.

NOTE 11 - RESTRICTIONS WHICH LIMIT THE PAYMENT OF DIVIDENDS

The Company has restricted $150,000 of retained earnings as a reserve for future product liability claims on products manufactured prior to January 1, 1988. See Note 7. Also, the Company may not pay dividends in excess of 25% of net earnings under the terms required by bank borrowings.

NOTE 12 - MERGER OF SUBSIDIARIES

As of August, 1991, the Company merged all of its subsidiaries into Universal Dynamics, Inc., a Virginia Corporation.

NOTE 13 - DIVIDEND PAYABLE

On January 13, 1992, the Company declared a dividend of $.05 per share to common shareholders of record as of January 31, 1992. The total dividend, in the amount of $ 87,804, was paid on February 14, 1992.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations:

Revenues for the three month period ended January 31, 1992 increased by $98,683, or approximately 3 percent, for the comparable period in the preceding fiscal year, principally as a result of an enhanced product line being available to customers. Total cost of sales as a percentage of revenues was 72.7 percent for the three month period ended January 31, 1992 compared to 72.2 percent for the three month period ended January 31, 1991. Labor costs increased approximately 9.8 percent, principally due to increased shipments and increased work in progress.

Selling, general and administrative costs for the three month period ended January 31, 1992, increased approximately 1.2 percent from the comparable period in the preceding fiscal year. Research and development expenses increased approximately 30.3 percent for the three month period ending January 31, 1992 as compared to the same period in the preceding fiscal year, as a result of the development of new products. As a result of the foregoing, net income for the three months ended January 31, 1992 decreased approximately 1.1 percent from the comparable period in the preceding fiscal year.

Liquidity and Capital Resources:

The company's long term debt decreased from $1,253,333 at October 31, 1991 to $1,183,333 at January 31, 1992, as a result of the company's ongoing repayment of its debt. The Company believes that its available working capital and the anticipated cash flow from operations and available lines of credit will be sufficient to fund its working capital needs and presently contemplated capital investments for at least one year.

PART II OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

a) Exhibit": No documentation of the Registrant qualified under the requirements of Regulation S-K Item 601 to be filed as an exhibit to this report.

b) Reports on Form 8-K: No reports on Form 8-K were filed during this quarter.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UNIVERSAL DYNAMICS, INC.
(Registrant)

Bever. v Giroux
Vice P. esident
Chief F 'nancial Officer

Date: March 23, 1992

UNIVERSAL DYNAMICS, INC. AND SUBSIDIARIES

JANUARY 31, 1992 QUARTERLY REPORT ON FORM 10-Q

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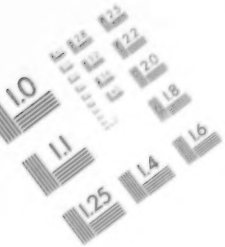

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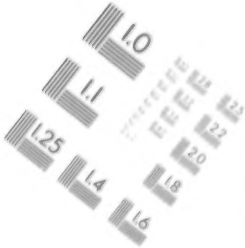

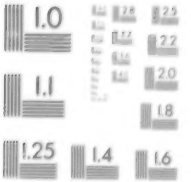

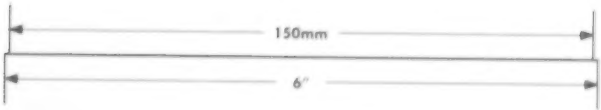

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